

JONESVILLE DISTRICT LIBRARY

AUDIT REPORT

DECEMBER 31, 2005

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name JONESVILLE DISTRICT LIBRARY	County HILLSDALE
Fiscal Year End 12/31/2005	Opinion Date 12/6/2006	Date Audit Report Submitted to State 12/13/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

SE 2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NO LETTER OF COMMENTS AND RECOMMENDATIONS	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BAILEY, HODSHIRE & COMPANY, P.C.		Telephone Number 517-849-2410	
Street Address 479 E. CHICAGO ROAD		City JONESVILLE	State MI
		Zip 49250	
Authorizing CPA Signature		Printed Name KELLY S. HODSHIRE	License Number 1101020992

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# Bailey, Hodshire & Company, P.C.

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## INDEPENDENT AUDITOR'S REPORT

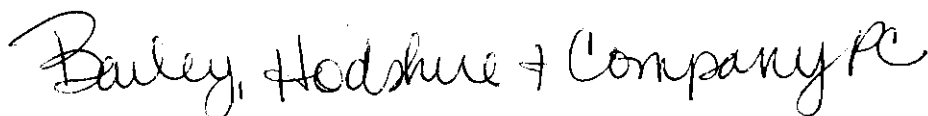
To the Library Board  
Jonesville District Library  
Jonesville, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jonesville District Library, Hillsdale County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Jonesville District Library as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and pages 11 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Jonesville, Michigan  
December 6, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Jonesville District Library's annual financial report presents our discussion and analysis of the Library's financial performance during the year ended December 31, 2005. The reader should use this analysis along with the annual report to gain a complete picture of the Jonesville District Library for the year ended December 31, 2005.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2005:

- The assets of the Library exceeded its liabilities at the end of the most recent fiscal year by \$1,064,876 (net assets) at the government-wide level.
- The Library's total net assets decreased by \$44,222 as a result of current year activity at the government-wide level. This decrease is primarily due to depreciation expense charged to the current period.
- Total governmental fund balance increased by \$48,659 in the current year at the fund level.

Using this Annual Report

The basic financial statements include information that presents two different views of the Library:

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These Fund Financial Statements focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method.
- The government wide financial statement columns provide both long-term and short-term information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

CONDENSED FINANCIAL INFORMATION

The following tables show, in a condensed format, the net assets as of December 31, 2004 and 2005 and the changes in the net assets during the year.

<u>TABLE 1 - NET ASSETS</u>	<u>2004</u>	<u>2005</u>
Assets		
Current Assets	\$ 276,927	\$ 327,827
Noncurrent Assets	<u>834,518</u>	<u>741,637</u>
Total Assets	<u>\$1,111,445</u>	<u>\$1,069,464</u>
Liabilities		
Current Liabilities	\$ 2,347	\$ 4,588
Noncurrent Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 2,347</u>	<u>\$ 4,588</u>

## Jonesville District Library

### Management's Discussion and Analysis Year Ended December 31, 2005

Net Assets		
Invested in Capital Assets - Net of Related Debt	\$ 834,518	\$ 741,637
Unrestricted	<u>274,580</u>	<u>323,239</u>
Total Net Assets	<u>\$ 1,109,098</u>	<u>\$ 1,064,876</u>
Total Liabilities and Net Assets	<u>\$ 1,111,445</u>	<u>\$ 1,069,464</u>

#### TABLE 2 - CHANGES IN NET ASSETS

Revenue	\$ 165,004	\$ 143,869
Expenses - Library Services	<u>(184,884)</u>	<u>(188,091)</u>
Increase (Decrease) in Net Assets	<u>\$ (19,880)</u>	<u>\$ (44,222)</u>

The Library's total net assets were \$1,064,876 at December 31, 2005. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$323,239 at the end of the fiscal year. The net assets invested in capital assets were \$741,637.

#### Governmental Activities

The Library's governmental revenues totaled \$143,869 with the greatest revenue source being the tax levy. The levy makes up approximately 75 percent of total governmental revenue.

The Library incurred expenses of \$188,091 during the year. The majority of governmental expense is associated with depreciation and the staffing of the Library, which provides all library services. Depreciation represents 51 percent of the Library's total expenses and wages represent 26 percent.

#### The Library's Funds

The Library's major fund consists solely of the General Fund. An analysis of the General Fund can be found in the first column on pages 5 and 6. The fund column provides detailed information about the most significant fund, not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities. The Library did not have any nonmajor funds for the fiscal year ended December 31, 2005.

The General Fund pays for all of the Library's governmental services. The most significant service provided during the fiscal year was library staffing, which incurred expenditures of approximately \$51,907 for the fiscal year.

#### Library Budgetary Highlights

The budget was monitored closely during the year. The most significant amendment was for repair and maintenance for the Library's computers. This additional maintenance is a result of the larger number of computers that the Library now has and the extensive use that they receive.

#### Capital Assets

At the end of the fiscal year, the Library had \$741,637 invested in a range of capital assets, including buildings, land, and materials (net of depreciation). The Library added \$2,167 in new capital assets during the current year. The Library did not dispose of any capital assets during this fiscal year.

Factors bearing on the Library's future

As we face the possibility of decreased state aid funds and loss of penal fines, we could risk losing the capability to remain in partnership with the Woodlands Co-op, a liaison which greatly enhances the scope of service available to our patrons. Further, funding losses would likely require a reduction in staffing as well as reduction in service hours. Additionally, with the ever-changing face of technology and public demand to remain provided with up-to-date equipment, patrons' needs will undoubtedly require the library to continue to upgrade the quantity and quality of technological resources made available for their use.

Optimal long-range plans include remaining in a position to maintain hours of operation as they are currently set, without reduction in staff or materials. We intend to make every effort to address the demands of the patrons we serve for services in print and in technology as completely as resources allow. We will continue to work toward building a partnership with our community and schools.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Secretary or Treasurer of the Jonesville District Library Board of Directors.



## BASIC FINANCIAL STATEMENTS

JONESVILLE DISTRICT LIBRARY  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	General Fund	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 220,494	\$ 0	\$ 220,494
Taxes Receivable	107,333	0	107,333
Fixed Assets, net	<u>0</u>	<u>741,637</u>	<u>741,637</u>
Total Assets	<u>\$ 327,827</u>	<u>\$ 741,637</u>	<u>\$ 1,069,464</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 3,156	\$ 0	\$ 3,156
Payroll Taxes Payable	<u>1,432</u>	<u>0</u>	<u>1,432</u>
Total Liabilities	<u>\$ 4,588</u>	<u>\$ 0</u>	<u>\$ 4,588</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund Balance			
Unreserved/Undesignated	\$ 323,239	\$ (323,239)	\$ 0
Total Fund Balance	<u>\$ 323,239</u>	<u>\$ (323,239)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 327,827</u>		
<b>Net Assets</b>			
Invested in Capital Assets - Net of Related Debt		\$ 741,637	\$ 741,637
Restricted		0	0
Unrestricted		<u>323,239</u>	<u>323,239</u>
Total Net Assets		<u>\$1,064,876</u>	<u>\$1,064,876</u>
Total Liabilities and Net Assets			<u>\$1,069,464</u>

The accompanying notes are an integral part of this statement.

JONESVILLE DISTRICT LIBRARY  
STATEMENT OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
DECEMBER 31, 2005

	General Fund	<u>Adjustments</u>	Statement of Activities
REVENUE			
State Aid	\$ 2,563	\$ 0	\$ 2,563
Penal Fines	22,209	0	22,209
Fayette Township Millage	106,619	0	106,619
Municipal Contributions	600	0	600
Interest on Investments	4,710	0	4,710
Gifts & Memorials	4,176	0	4,176
Fines, Fees and Other	<u>2,992</u>	<u>0</u>	<u>2,992</u>
Total Revenue	<u>\$ 143,869</u>	<u>\$ 0</u>	<u>\$ 143,869</u>
EXPENDITURES			
Wages	\$ 48,060	\$ 0	\$ 48,060
Payroll Tax Expense	3,847	0	3,847
Insurance	1,964	0	1,964
Electric	2,496	0	2,496
Telephone	913	0	913
Heat	1,807	0	1,807
Water , Sewer & Garbage	691	0	691
Dues & Memberships	2,378	0	2,378
Books & Videos	14,054	0	14,054
Periodicals	1,029	0	1,029
Supplies	3,606	0	3,606
Maintenance	8,255	0	8,255
Miscellaneous	2,106	0	2,106
Professional Fees	1,350	0	1,350
Summer Reading Program	487	0	487
Capital Outlay	2,167	(2,167)	0
Depreciation	<u>0</u>	<u>95,048</u>	<u>95,048</u>
Total Expenditures	<u>\$ 95,210</u>	<u>\$ 92,881</u>	<u>\$ 188,091</u>
Excess of Revenue Over (Under)			
Expenditures/Change in Net Assets	\$ 48,659	\$ (92,881)	\$ (44,222)
Fund Balance/Net Assets - January 1	<u>274,580</u>	<u>834,518</u>	<u>1,109,098</u>
Fund Balance/Net Assets - December 31	<u>\$ 323,239</u>	<u>\$ 741,637</u>	<u>\$ 1,064,876</u>

The accompanying notes are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

JONESVILLE DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Jonesville District Library (the "Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Financial Reporting Entity**

The Jonesville District Library is located in the Village of Jonesville, Hillsdale County, Michigan, and is governed by a five member board. The financial support is provided primarily through a 1 mill tax levy for library operations, Hillsdale County penal fines, and additional support from municipal contributions of the State of Michigan (State Aid), and the Townships of Scipio and Moscow, as well as charitable donations and memorials. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service and special financing relationships. Based on these criteria, there are no component units to be included in these financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and expenditures relating to claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes and municipal contributions are susceptible to accrual. All other revenue items are considered to be available only when the cash is received by the Library.

**Financial Statement Presentation**

The Library reports the following major governmental fund: the General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

JONESVILLE DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**Capital Assets** - Capital assets are defined by the Library as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Library maintains a capitalization threshold of \$1,000.

Building improvements, furniture and fixtures, equipment, and library books, periodicals, etc. are depreciated using the straight-line method over the following useful lives:

Buildings	39 years
Furniture and Fixtures	7 years
Library books, periodicals, etc.	7 years
Computer equipment	5 years

**Budgets, Budgetary Accounting and Budget Basis of Accounting** - Budgets are adopted for all governmental fund types, as required by law. Budgets for the general fund are adopted at the line item level and reported in the budgetary comparison schedule at this level. The Library uses the same basis of accounting for budgeting purposes as for financial statement presentation.

**Encumbrance Accounting** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Jonesville District Library.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Library Board at the line-item level. Any budgetary modifications may only be made by resolution of the Library Board. Encumbrance accounting is not used, and all annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budget as reflected in the financial statements:

- 1) Prior to December 31, a public hearing is conducted on the proposed budget to obtain taxpayer comments.
- 2) Prior to December 31, the budget is legally enacted through passage of a resolution.
- 3) The Library Board is authorized to transfer budgeted amounts between line items.
- 4) During the year the budget is monitored, and amendments to are made when necessary.

During the year, the following accounts had expenditures in excess of budgeted amounts, which is a violation of State of Michigan budgeting laws. These variances were due to audit adjustments:

JONESVILLE DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

<u>Description</u>	Amount of <u>Budget</u>	<u>Expenditure</u>	<u>Variance</u>
Books/Videos	\$ 12,500	\$ 14,054	\$ 1,554
Periodicals	1,000	1,029	29

**NOTE 3 - CASH AND INVESTMENTS**

Following are the components of the Library's bank deposits at December 31, 2005:

Checking Accounts	\$ 2,684
Savings and Certificates of Deposit	<u>217,538</u>
Total	<u>\$ 220,222</u>

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2005, the carrying amount of the Library's deposits was \$220,222 and the bank balance was \$224,299. The entire amount was covered by federal depository insurance.

Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of December 31, 2005, the Library's deposits and investments are in accordance with statutory authority.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2005, was as follows:

	Balance <u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2005</u>
Land and Improvements	\$ 6,009	\$ 0	\$ 0	\$ 6,009
Building and Improvements	459,373	0	0	459,373
Books, Audios, Videos	545,178	0	0	545,178
Furniture and Fixtures	<u>72,512</u>	<u>2,167</u>	<u>0</u>	<u>74,679</u>
Total Capital Assets	\$ 1,083,072	\$ 2,167	\$ 0	\$ 1,085,239
Less: Accum. Depreciation	<u>(248,554)</u>	<u>(95,048)</u>	<u>0</u>	<u>(343,602)</u>
Net Capital Assets	<u>\$ 834,518</u>	<u>\$ (92,881)</u>	<u>\$ 0</u>	<u>\$ 741,637</u>

Depreciation expense for the fiscal year ended December 31, 2005 was \$95,048.

JONESVILLE DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**NOTE 5 - PROPERTY TAXES**

On May 4, 1999, the electors of Fayette Township approved a maximum 1 mill tax levy for library operations. The taxes are collected by the Fayette Township Treasurer each year from December 1 through March 1. The delinquent taxes (real property) are turned over to the County Treasurer for collection. The total library levy on the December 1, 2005, Fayette Township tax roll was \$106,619.

**NOTE 6 - UNEMPLOYMENT TAXES**

The Library is a reimbursing employer to the Michigan Unemployment Insurance Agency and as such is responsible to pay the Agency for those benefits paid and charged to its account. As of December 31, appropriate liabilities (if any) have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

**NOTE 7 - RISK MANAGEMENT**

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Library has purchased commercial insurance for claims relating to general liability, physical damage (equipment, buildings, and contents), workers compensation, and other appropriate coverages. There has been no significant reduction in insurance coverage and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

**NOTE 8 - CONCENTRATIONS**

The Library receives a major portion of its revenue from the County of Hillsdale in the form of allocated penal fines. Reduction or elimination of this funding, if this were to occur, would have a significant effect on the organization's programs and activities.

**NOTE 9 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. The difference primarily results from the long-term focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance.

The following is a reconciliation of fund balance to net assets and net change in fund balances to the net change in net assets:

<b>Total Fund Balance - Modified Accrual Basis</b>	\$ 323,239
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources, and are not reported in the funds	<u>741,637</u>
<b>Net Assets of General Fund - Full Accrual Basis</b>	\$1,064,876
	<u>=====</u>
<b>Net Change in Fund Balances - Modified Accrual Basis</b>	\$ 48,659
Amounts reported in the statement of net activities are different because:	
Capital outlay is not an expense of the current period	2,167
Capital costs are allocated over their estimated useful lives as depreciation	<u>(95,048)</u>
<b>Change in Net Assets of General Fund - Full Accrual Basis</b>	\$ (44,222)
	<u>=====</u>



## REQUIRED SUPPLEMENTARY INFORMATION

JONESVILLE DISTRICT LIBRARY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - January 1	\$ 274,580	\$ 274,580	\$ 274,580	\$ 0
Resources (Inflows)				
State Aid	5,000	5,000	2,563	(2,437)
Penal Fines	20,000	20,000	22,209	2,209
Fayette Township Millage	85,000	85,000	106,619	21,619
Municipal Contributions	600	600	600	0
Interest on Investments	2,500	2,500	4,710	2,210
Gifts & Memorials	3,500	3,500	4,176	676
Fines, Fees and Other	<u>1,000</u>	<u>1,000</u>	<u>2,992</u>	<u>1,992</u>
Amounts Available for Appropriation	<u>\$ 392,180</u>	<u>\$ 392,180</u>	<u>\$ 418,449</u>	<u>\$ 26,269</u>
Charges to Appropriations (Outflows)				
Wages	\$ 51,500	\$ 51,500	\$ 48,060	\$ (3,440)
Payroll Taxes	3,925	3,925	3,847	(78)
Insurance	2,000	2,000	1,964	(36)
Electric	2,900	2,900	2,496	(404)
Telephone	1,100	1,100	913	(187)
Heat	2,000	2,000	1,807	(193)
Water, Sewer, & Garbage	900	900	691	(209)
Dues & Memberships	4,000	5,000	2,378	(2,622)
Books/Videos	13,000	12,500	14,054	1,554
Periodicals	1,000	1,000	1,029	29
Supplies	4,000	4,250	3,606	(644)
Maintenance	4,000	8,500	8,255	(245)
Miscellaneous	2,650	2,150	2,106	(44)
Professional Fees	1,100	1,350	1,350	0
Summer Reading Program	500	500	487	(13)
Capital Outlay	<u>7,000</u>	<u>5,000</u>	<u>2,167</u>	<u>(2,833)</u>
Total Charges to Appropriations	<u>\$ 101,575</u>	<u>\$ 104,575</u>	<u>\$ 95,210</u>	<u>\$ (9,365)</u>
Fund Balance - December 31	<u>\$ 290,605</u>	<u>\$ 287,605</u>	<u>\$ 323,239</u>	<u>\$ 35,634</u>

The accompanying notes are an integral part of this statement.

JONESVILLE DISTRICT LIBRARY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
DECEMBER 31, 2005

**NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the year ended December 31, 2005, the Library incurred expenditures in certain budgetary funds that were in excess of the amount appropriated. The variances occurred due to audit adjustments.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Books/Videos	\$12,500	\$14,054	\$ 1,554
Periodicals	1,000	1,029	29